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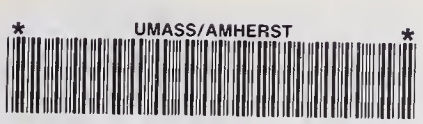

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METROPOLITAN DISTRICT COMMISSION

MANAGEMENT ACTION PLAN

GOVERNMENT DOCUMENTS
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FRANK T. KEEFE
Secretary

The Commonwealth of Massachusetts
Executive Office for Administration and Finance
State House, Boston 02133

October 21, 1983

Governor Michael S. Dukakis
State House
Boston, Massachusetts 02133

Dear Governor Dukakis:

In response to your request, James Hoyte, William Geary, B. J. Rudman and I have prepared the enclosed set of recommendations on steps that should be taken to improve the management of the Metropolitan District Commission.

While the preparation of these recommendations was triggered by the recent report prepared by the Inspector General entitled Report on the Metropolitan District Commission: The Parks Division and Central Management Systems, our proposals should be viewed as more than a response to the Inspector General. Rather, they reflect a systematic reassessment of the M.D.C.'s operations that began when you appointed Secretary Hoyte and Commissioner Geary in Janaury.

We have identified three categories of action steps: those that can be initiated immediately; those that will require additional resources; and those that change the M.D.C.'s current mandate and would require legislative action as part of the FY 1985 Budget.

The initial steps include organizational changes whose primary purpose is to enable the M.D.C.'s Parks Division to focus its efforts on the provision of quality recreational services and not be burdened by construction and maintenance activities that have little, if any, relationship to parks and recreation. The fact that more than half of the "Parks" Division construction projects involve bridges, roadways and other heavy construction is a graphic example of how the current organizational structure fails to clearly reflect the various responsibilities and functions of the M.D.C. The other major thrust of the immediate action steps concerns stronger and more thorough contract management procedures dealing with key activities such as contractor qualification, contract awards, and construction project administration.

With your approval, we are prepared to develop an implementation plan within the next 30 days that will establish a detailed work schedule to execute the action steps we have recommended. This plan will include a supplemental budget request that provides vitally needed personnel, such as project engineers, and funds for long overdue repairs of facilities and equipment. While many steps can be taken immediately, the effectiveness of important organizational units such as Contract Administration, Internal Audit and Planning will be determined ultimately by whether they have sufficient staff resources. During this

time period, an M.D.C. Local Government Advisory Board can also be established to enable municipalities to monitor and advise the Commission on its policies and priorities.

There are some other steps that could be taken, but we feel that 30 days did not provide sufficient time to reach final conclusions. These options are: (1) creation of a separate Water/Sewer Authority; (2) transferring M.D.C. construction projects to agencies with more expertise such as the Division of Capital Planning and Operations and the Department of Public Works; and (3) initiation of a single contractor pre-qualification process for all state agencies. We feel that these ideas deserve additional thought and analysis with an eye towards resolving them prior to submission of the FY 1985 Budget.

This report was prepared by B. J. Rudman, Assistant Secretary for Management and has the full support of Secretary Hoyte, Commissioner Geary and myself.

Sincerely,

Frank T. Keefe
Secretary for Administration and Finance

FTK:md
Attachments

INTRODUCTION

For many residents in the Greater Boston area, the perception of how well, or how poorly, Massachusetts state government fulfills its responsibilities and provides services to its citizens is based on their experiences with the facilities and programs operated by the Metropolitan District Commission. The beaches, skating rinks, swimming pools, athletic fields, zoos, parks, bridges and roadways that are the responsibility of the M.D.C. --- as well as the drinking water and sewerage system --- are all facilities that affect the quality of life of citizens of all ages. For this very important reason, as well as the fact that a substantial amount of resources, $70 million annually, is allocated to the M.D.C. it is imperative that the M.D.C. be well managed. Moreover, this Administration is very strongly committed to meeting the standards established by Chapter 579. The process by which the state awards and manages its construction projects must be thorough, professional, and administered with a high degree of integrity.

There is no question that the management of the M.D.C.'s Parks Division must be substantially improved. There is also no question that the new Commissioner, appointed by you earlier this year, and his Associate Commissioners, fully recognize the severity of the problems they have inherited and have been working to eliminate the M.D.C.'s shortcomings for several months now. Internal work groups have already implemented changes in contract administration and budget preparation procedures and have also prepared detailed plans to enhance the internal audit, management and personnel functions.

We have very carefully reviewed the Inspector General's Report on the operations of the M.D.C. Parks Division. It is primarily an analysis of problem areas, although it includes some good recommendations on what should be done to address the problems. Our report will focus on specifying the action steps that need to be taken to enhance the management of the M.D.C. These action steps incorporate most of the recommendations in the Inspector General's Report.

The recommended action steps are grouped into the following categories:

I. actions that can be taken immediately requiring no additional resources;

II. actions that require additional resources which could be provided within a few months through a supplemental budget; and

III. actions that address the mandate and responsibilities of the M.D.C., would affect the operations of other state agencies, and whose implementation would require Legislative action, that could be taken through the FY 1985 Budget.

This categorization reflects our conclusion that while more radical steps such as establishing a separate Sewer/Water Authority or having other state agencies manage M.D.C. construction projects -- may well be the best approaches to

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improving the services which are currently the responsibility of the M.D.C., these steps require more discussion and analysis than thirty days permit. In the interim, immediate steps can still be taken that would be consistent with whatever long-term measures are finally adopted.

I. STEPS THAT CAN BE TAKEN IMMEDIATELY

A. Improvements in the M.D.C. Organizational Structure

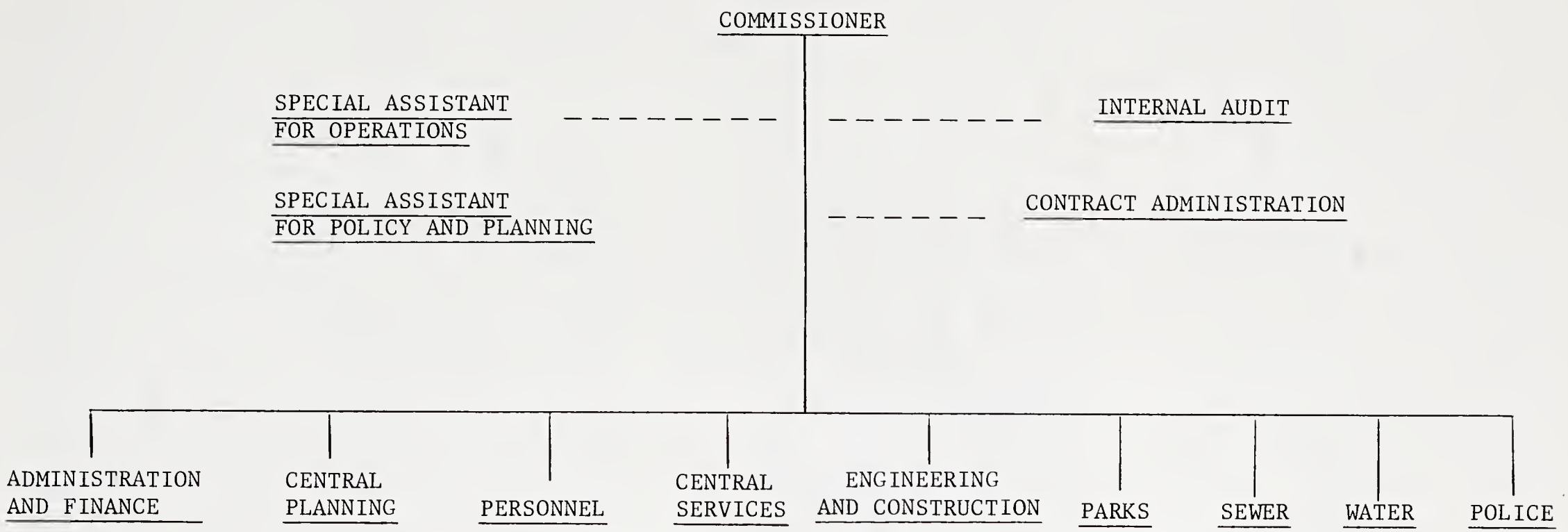
We recommend that several changes be made in the M.D.C. organizational structure to ensure that key functions are accorded the top priority they deserve within the agency. They will enable the Commissioner and the Commission to more directly influence the management of these functions and hold the responsible individuals strictly accountable for their performance. It should be emphasized that we recognize that changes in the organizational structure will not necessarily improve M.D.C. operations. Many other steps, enumerated below, must be taken. We believe, however, that this modified organizational structure will enhance the effectiveness of the other measures that we propose.

We recommend the following organizational changes (see attached Table of Organization):

1. A separate Engineering/Construction Division should be established with the Chief Engineer reporting directly to the Commissioner. Virtually all of the Inspector General's Report deals with how M.D.C. construction projects assigned to the Parks Division are designed and managed. While there are many fundamental reasons why we believe

TABLE OF ORGANIZATION

METROPOLITAN DISTRICT COMMISSION



this activity has been poorly managed, one important factor is that the Parks Division as currently constructed is simply too large and diverse. Within the Division there are two distinct sets of very important M.D.C. activities: the planning and execution of construction projects for roadways, bridges, and parks; and the operational activities related to the delivery of services in the M.D.C.'s parks and recreational facilities.

It should be noted, moreover, that most of the construction projects currently assigned to the Parks Division have little direct connection to parks or recreational activities. More than half of these projects concern bridges, roadways and other construction activities that have little affect on the Parks Division's delivery of of recreational services.

The recreational aspects of this Division's activities could be better planned and delivered if the Division did not also have to be responsible for construction projects. It is also very likely that the construction projects would be better managed and executed if the Director of that activity did not also have to worry about activities that are essentially operational. Having the Director of Engineering/Construction report directly to the Commissioner will also mean that the Commissioner can hold that Director more directly accountable for the effective design and construction of

M.D.C. projects. He/she would also serve as a Senior Engineering Advisor to the Commissioner, a function recommended by McKinsey in 1981 but never implemented.

It is imperative, however, that this separate Engineering and Construction Division respond to the needs and requirements of the Parks Division in terms of both timely completion of projects and ensuring that the projects are designed in a manner that meets the Parks Division's operational requirements. Prior instances of poor design cited by McKinsey, such as designing a skating rink with a door too small for the ice-cleaning machine or placing an indoor swimming pool too close to an ice rink, must not be repeated. The Engineering/Construction Division must design and construct projects that meet the Parks Division's specications. The Parks Division should, therefore, retain a small planning and engineering design capability to ensure that the studies and designs done by the Construction Division in response to a request by the Parks Division meet the Parks Division's specifications. The implementation plan to be developed as a result of this report will detail the specific relative responsibilities of the Parks and Construction and Engineering Divisions.

Moreover, any design specifications developed by the Parks Division must incorporate the input of the operations and maintenance personnel who will operate these facilities and be expected to provide top quality

services, once they are completed. There should be, therefore, a Design Review Committee within the Parks Division that includes the key operations personnel. The Committee would review design specifications prior to their approval by the Commission and assignment to the Construction Division. Also, the Parks Director should sign off on the milestone monitoring reports covering design and construction contracts dealing with Parks Division projects.

2. <u>The responsibility for facilities maintenance, except that requiring technical engineering expertise, should be transferred from the Parks Division to the Central Services Unit that reports directly to the Commissioner</u>.

The Parks Division currently oversees three different types of maintenance functions: day-to-day maintenance and operation of its facilities, from cutting the grass to placing soap in the bathrooms; regularly scheduled, heavy maintenance work -- such as carpentry or painting -- to preserve the structural integrity of Parks' facilities; and, repairs requiring outside contractors.

The Parks Division, as currently structured, cannot adequately perform all of these functions. As a result, the physical plants have deteriorated and the demands for increased parks and recreational programming have gone unmet. Once again, the Division's sheer size impedes its ability to perform.

In order to both reorient the Parks Division toward parks and recreational programming and to enable the Agency to provide adequate maintenance of its facilities, we make the following recommendations:

a. Responsibility for the day-to-day operation and maintenance of its facilities will continue to belong to the Parks Division. During the winter, for example, the Parks Division will operate all skating rinks and maintain these facilities - from cleaning to supplies to preventative maintenance to program management. Moreover, in a departure from the current system which requires area superintendents to maintain individual facilities, this new structure will shift daily maintenance and program responsibility to a permanent manager located at each facility. Leaving this programmatic and daily maintenance function with the facility manager insures a coordinated operation of the facility and makes absolutely clear that responsibility for that facility, while open to the public, rests with the manager.

b. When a facility closes for the season, or at regularly scheduled intervals, however, the

Central Services Division would provide substantial repair and rehabilitation services. Central Services would, in effect, operate a "turnkey" operation and do such maintenance such as the painting and carpentry required after a season's use. Once done, the Central Services Unit would turn the now facility back to the Parks Division.

It should be emphasized that Central Services would not do the daily upkeep and maintenance of any facility. Rather, it would be involved with recreational facilities only in cases of emergency or as part of a regularly scheduled maintenance plan prepared by the Central Services Director, in consultation with the Parks Division Director, and approved by the Commissioner. To implement this recommendation, the Commissioner will reinforce the existing Central Services building maintenance force with carpenters and other laborers currently performing heavy maintenance functions for the Parks Division.

C. With regard to M.D.C. roadways and bridges, the Parks Division is currently responsible for plowing, cleaning and filling potholes. Once again, this responsibility has placed a substantial burden on the Parks Division and diluted its ability to engage in effective parks and recreation management. At the same time, the Central Services Division has developed a capability in road management and highway services. Accordingly, we recommend that responsibility for minor repair, plowing and cleaning of roads and bridges be transferred from

Parks to Central Services with the Commissioner adjusting personnel assignments as necessary. For the Commissioner's approval, the Director of Central Services will prepare a comprehensive and detailed maintenance plan for all of the facilities and equipment for which he/she is responsible. This plan will cover at least two years and be updated each year through an annual detailed work schedule. He/she will prepare maintenance cost estimates and continuously track maintenance expenditures.

d. Maintenance activities requiring significant technical expertise, such as repairing drawbridges, maintaining complex traffic control systems or servicing HVAC units would be the responsibility of a Techical Support Unit within the new Engineering and Construction Division. The Director of the Engineering and Construction Division, through the Technical Support Unit, will prepare inspection maintenance plans and work schedules for all bridges, locks and other mechanical systems whose maintenance requires engineering or other technical expertise.

3. <u>The human resource management responsibility in the M.D.C. should be centralized and enhanced</u>. The effectiveness of the M.D.C. is heavily dependent upon the quality of its personnel, such as project engineers, facilities managers and police officers. There are several of these critical personnel functions that must be

improved. Personnel operations are currently fragmented among the various operating divisions within the M.D.C. and there is no comprehensive human resource management program in place dealing with the recruitment, selection, training or promotion of personnel. A consolidation of these personnel activities, with the Director of Personnel reporting directly to the Commissioner, should improve the likelihood that effective human resource programs serving all the personnel within the M.D.C. can be designed and implemented in a cost-effective fashion. Again, this organizational restructuring by itself will not suffice. There are several specific human resource management programs that need to be undertaken which are described in more detail in another set of recommendations. (See page 18).

4. Planning must be centralized and strengthened. Given the diversity and scope of the M.D.C. programs, the broad spectrum of potential needs to be met, and the limited amount of available financial and personnel resources, a thoughtful, systematic and comprehensive planning process is particularly crucial to the agency's effectiveness. Planning is required at several levels. At the agency level, longer term strategic goals, objectives and priorities must be established by the Commissioner and Commission and updated on a regular

basis. In addition, the plans developed by the individual Divisions must be integrated (e.g. building a passive park on the site of a new water pumping station.) At the Division level, specific program priorities such as bridge maintenance must be set, given the strategic objectives established by the Commission. At the project level, detailed planning is required to ensure that the program priorities are met through the design and implementation of projects that meet standards with regard to cost, quality, and time-to-completion.

Currently, planning in the M.D.C., to the extent that it occurs, is done at the Division level. There is no agency-level planning at all, and no integration of Divisional and Project plans. There is, therefore, no systematic basis for establishing agency-wide priorities as to which projects or programs should be allocated resources and implemented, and thus no vehicle through which the Commission can ensure that its priorities are being met at the Division and project levels. Moreover, the Commission has little basis for making informed resource allocation decisions among its Divisions, programs or potential projects. The M.D.C.'s annual operating budgets and capital outlay budgets, do not reflect any long range agency-wide planning. M.D.C.'s small Central Planning Unit, which reports directly to the Commissioner, plays a very weak role in the direction of M.D.C.'s policies and plans.

The planning activities should be centralized and strengthened under the Central Planning Unit. Under the Commission's guidance, this U-it will develop a strategic plan for the M.D.C. and work with the Division Directors to ensure that their program plans are consistent with the overall plan. It will also make sure that the specific projects proposed by the Divisions and approved by the Commission are consistent with the overall Agency and Divisional plans. No plans or proposals will be submitted to the Commissioner or Commission without first being reviewed and approved by the Planning Unit. The Planning Unit will also systematically evaluate major M.D.C. construction projects, once they are completed, to determine what can be learned from the experience, both positive and negative, for future construction projects.

5. An Internal Audit Unit will be established This new Unit, initially proposed by Commissioner Geary, will report directly to the Commissioner and ensure that the various organizational units within the M.D.C. comply with the policies and procedures the Commission has established, particuarly with regard to the contracting and management of construction projects. This Unit will address situations in which policies and procedures have been promulgated but not followed. In addition, it will investigate any allegations of fraud or other forms of mismanagement within the M.D.C.

B. Project Management

The project management systems designed for the M.D.C. by McKinsey and Co. in 1981, have not, in fact, been adopted. These policies and procedures --- ranging from the process for "pre-qualifying" contractors to the generation of "exceptions reports" on construction projects that are not meeting cost, quality or time-to-completion milestones --- have not been utilized for a variety of reasons. These include the refusal by many M.D.C. engineers to use the forms and procedures properly, the failure of the Commission and senior M.D.C. managers to insist that these procedures be followed, and inadequate training of personnel on how to use the forms and procedures. There is general agreement that serious implementation of the policies and procedures, except for some minor refinements, will substantially enhance the effectiveness of the M.D.C.'s operations. We, therefore, recommend that:

1. The Commission reiterate -- through words and actions -- that the M.D.C. staff utilize the project management system developed and recommended by McKinsey. In addition to another policy statement, there are several specific steps that the Commission can take directly:

   a. insist, prior to approving consultant contracts, project contracts, or contractor invoices, that the required report(s) are properly and completely prepared. For example, the Commission will not

approve any consultant contracts without the necessary supporting documentation as evidence that the Commission's procedures with regard to advertising, completing the Consultant Rating Forms, issuing the RFP and completing the Proposal Evaluation Rating Sheet have been followed completely and thoroughly. It will not approve any projects without a detailed project justification, presented by the appropriate Division Director, that relates the project to M.D.C. and program objectives, analyzes the costs and benefits of alternative approaches, and provides an implementation plan complete with measurable milestones. And it will not approve any invoice for payment unless it is accompanied by a current milestone report and, if warranted, an explanation concerning projects that are not meeting the terms of the contract.

b. train existing M.D.C. staff on how to follow the procedure and reports, including preparing detailed cost and benefit analyses;

c. recruit new engineers, analysts and managers capable of properly utilizing the project management system;

d. continue the work of an internal task force that has been reviewing and refining these procedures to simplify and thereby make them more effective.

In addition to insisting that the Project Management System recommended by McKinsey be properly utilized, the Commission can make some improvements in the system, particularly in the areas of contractor pre-qualification, study/design contracts, and the awarding of construction contracts.

2. Contractor Pre-Qualification Annually, the M.D.C. qualifies contractors to bid on construction projects. The purpose of this pre-qualification process is to ensure that contractors awarded construction contracts have the technical competence, financial capacity and administrative systems required to complete projects in accordance with the contract plans, specifications and time-tables. This contractor pre-qualification process is particularly important because, given the Commonwealth's laws governing the granting of construction contracts, contracts are awarded to the "lowest qualified and responsible bidder". This usually means that, if a contractor has been qualified and his/her bid is the lowest and is credible, he or she will be granted the contract. It is crucial, therefore, that the contractor pre-qualification process be careful, thorough, and systematic. In addition to strictly following the procedures recommended by McKinsey, the M.D.C. will enhance its contractor pre-qualification procedures in the following fashion:

a. written standards for contractor pre-qualification will be established --- and enforced --- by the Commission. The evaluation standards developed by Division of Capital Planning and Operations (DCPO), utilizing such evaluation factors as quality of finished product and contractor

performance and accountability, will be adapted by the M.D.C. to meet its particular requirements.

b. contractors seeking pre-qualification will be required to list in their written submission all of their construction projects during the past 5 years rather than simply the "major"ones. This will ensure that the Contractor Selection Committee is aware of the problem projects, as well as the successes, in which the contractor has been involved.

c. the system utilized by DCPO to perform standardized and systematic reference checks on contractors will be adapted, particularly with other state and local governmental agencies. The information gathered from these reference checks will be documented and filed;

d. the contractor pre-qualification process will incorporate any Contractor Performance Evaluation Reports or Final Review Committee Reports prepared by the M.D.C. or other state agencies that document the quality of work done by a contractor on a particular project;

e. a public notice process will be instituted so that informed citizens and other interested groups can provide information to the M.D.C. about the work and qualifications of contractor's seeking pre-qualification;

f. the Contract Administrator's Office will institute a procedure that will enable it to review approximately equal numbers of contractors seeking qualification

throughout the year rather than to continue the existing practice of having to review approximately one-third of all the pre-qualification requests the M.D.C. receives annually within a four to six week period in April and May.

g. a Task Force will be established to thoroughly investigate and assess the M.D.C.'s contracting procedures to ensure that they meet the standards established by Chapter 579, legislation enacted as a result of the Ward Commission's report. It will also recommend standards for the construction of roadways, bridges and other types of horizontal construction. Nick Littlefield, Counsel to the Ward Commission, has agreed to be a member of this Task Force.

3. Study/Design Contracts The quality of a project feasibility study or preliminary design is crucial to the success of any major construction project, such as a building, roadway or bridge. The M.D.C. currently grants combined study/design contracts. Having the same contractor do both a feasibility study and a preliminary design increases the probability that the study leads to a design and that the design is much more elaborate then necessary. We therefore recommend that, for Parks Division's construction projects, study contracts should be split from design contracts, emulating a practice already followed by the Division of Capital Planning and Operations.

4. Contract Awards As already noted, construction contracts by law, are awarded to the lowest qualified bidder. To ensure that the qualifications of the bidder meet reasonable standards, the M.D.C.'s contractor pre-qualification process must be substantially improved. However, because a contractor need only be pre-qualified once a year, it is very possible that several months may elapse between the time the contractor is pre-qualified and when he/she is considered for a bid award. In this interval, the contractor's situation might change enough so that he/she is no longer qualified. Therefore, as part of the bid award process, the contractor should be required to submit any additional information describing changes in such areas as contracts and financial condition to the Contractor Selection Committee, prior to the Committee's recommending to the Commission to whom the contract should be awarded.

C. PERSONNEL

Its extensive network of capital assets notwithstanding, the effectiveness of the M.D.C. is a direct function of the quality of its employees. The quality of its engineers determines the quality of its construction projects; the quality of its maintenance personnel determines how well the various facilities are maintained; the quality of its police force has much to do with the quality of the M.D.C.'s law enforcement activities. What is notable, over at least the past several years, is that there has been little if any coordinated management of the personnel function within the M.D.C. and absolutely no systematic planning and implementation of programs aimed at enhancing the quality of its

personnel. At this point, the personnel function within the M.D.C. consists of small clerical personnel operations within the major Divisions.

There is no systematic policy or program for the recruitment and selection of personnel, particularly managers, key engineers, and other technical people; there is no training and staff development program; and there are no coordinated programs dealing with such things as labor relations or affirmative action. If the quality of the M.D.C.'s operations is to improve, then its human resource management program must be dramatically improved as well. This human resource management program should contain the following key elements:

1. Provisional Appointees A systematic assessment will be made of M.D.C. personnel currently filling engineering positions on a provisional basis. Standards will be established for each type of engineering position (e.g. whether a particular position should require a Professional Engineer Certificate). An intensive effort will be made to determine whether those filling positions on a provisional basis, given these standards, should be appointed permanently to their positions. Working with the State Department of Personnel Administration the M.D.C. will develop an examination process for provisional appointees within the M.D.C. seeking a permanent appointment to engineering positions within the M.D.C. The examination process will

either be the traditional written exam and/or an "unassembled" exam that will consider experience, education and the quality of performance at the M.D.C. or related positions. Either examination will reflect high standards with regard to technical competence.

2. Performance evaluation The M.D.C., working with the D.P.A., will institute a performance evaluation program which will, in a systematic and objective fashion and based on specific performance objectives and standards negotiated between employees and their supervisors, assess the performance of each M.D.C. manager and technical professional. Once the performance evaluation system for managers has been instituted, a system for non-management personnel will be instituted. An important aspect of this system will be an evaluation of the compliance of Division Directors and Project Engineers to the project management policies and procedures established by the Commission.

3. Recruitment An infusion of new managerial and technical talent is essential at the M.D.C. The M.D.C. will embark on a concerted effort to aggressively recruit top-notch technical and managerial talent. There are several currently vacant engineering positions within the M.D.C. which will be filled as a result.

4. Selection To ensure an equitable and systematic selection process, all technical and managerial positions will be filled through an interview committee whose composition will ensure a thorough assessment of candidates based on competence. For any engineering or other technical position, the selection committee will include a technical professional; for any management position, the committee will include the Commissioner, Division Director or an appropriate senior manager.

5. Affirmative Action An Affirmative Action "Action Plan" will be developed and, with the assistance of D.P.A. and the State Office of Affirmative Action, an aggressive recruitment campaign will be launched to attract more qualified minorities and women to M.D.C. positions.

6. Automation of the Personnel and Payroll Functions The Commonwealth is currently implementing an automated personnel and payroll system called the Personnel Management Information System (PMIS). PMIS is a computer-based system that will automate all the payroll operations throughout state government and generate the important management information

required to manage personnel within state government. Our expectation is that PMIS, currently in a pilot phase, will be instituted in all state agencies by the end of calendar 1984 or early 1985. PMIS should be instituted at M.D.C. within the next 6 months.

7. Training Managers, Technical Professionals and Others Within The M.D.C. This will be implemented through a systematic plan developed by the M.D.C. and D.P.A. that will take full advantage of in-house training programs offered by D.P.A. as well as the programs provided by area educational institutions under contract with D.P.A. to provide employee and management training, such as the University of Massachusetts and the Kennedy School of Government at Harvard.

D. CREATION OF M.D.C. MUNICIPAL ADVISORY BOARD

Because the M.D.C. is supported in part by municipal funds through assessments and/or fees, an M.D.C. Municipal Advisory Board should be created. Such a Board could follow the precedents established by the M.B.T.A. and County Advisory Boards. Services provided to local governments based in whole or part on assessments paid by local governments should be subject to review by local officials. Also, the Board can serve as an important conduit for public information and local understanding of the M.D.C.'s needs and priorities.

II. STEPS THAT REQUIRE ADDITIONAL RESOURCES

The action steps identified thus far can be taken, at least substantially, without additional resources. At the same time, if the quality of the M.D.C.'s operations are to be improved, then additional resources need to be allocated to the agency. During the next 30 days, we will develop a plan to implement the recommendations contained in this report that will specify the resources required. We expect that additional resources will be needed, in the form of additional personnel, to staff the Contract Administrator's Office, the Central Planning Unit, the Engineering and Construction Division, the new Internal Audit Unit and the Personnel Office. Funds to support needed facility and equipment maintenance repairs will also be detailed. The funding request will be included in a supplemental budget.

III. STEPS THAT ADDRESS THE LONG-TERM MANDATE AND RESPONSIBILITIES OF THE M.D.C.

There are major strategic issues with regard to the Metropolitan District Commission that need to be addressed but could not be appropriately resolved within thirty days. These are important issues that should be carefully, systematically and thoughtfully considered within the content of the FY 1985 budget planning process. We have identified at least three major options for more thorough consideration and analysis:

A. <u>establishment of a state-wide contractor pre-qualification process</u>, in which any contractors wishing to qualify for state-administered construction projects dealing with buildings, roads or other types of heavy construction would be qualified on an annual basis by a single organization. Thus, contractors seeking to do business with agencies such as the M.D.C., DCPO, DEM and DPW would have to be first pre-qualified by this state-wide unit that would be appropriately staffed and would operate on a full-time basis. There are two main advantages to this approach:

1. economies of scale would be realized by consolidating staffs in the various agencies that are currently pre-qualifying contractors; and

2. contractors would be qualified based on information from all state agencies with whom they may have done business. This would ensure that a contractor with a poor record with any state agency would not be able to bid for a contract from another state agency.

This pre-qualification process could be divided into two basic units: one would qualify contractors that do heavy construction, such as roads and bridges; the other would assess contractors seeking building construction contracts.

B. limiting the M.D.C.'s role in the construction process, at least in the Parks Division, to policy and planning, with other state agencies being responsible to the M.D.C. for the management of M.D.C. construction projects. The M.D.C. has essentially two types of responsibilities: operational responsibilities to ensure that the roads, parks, recreational facilities, police and other units fulfill their responsibilities and provide services to the citizens of the Greater Boston area in an efficient and responsive fashion; and responsibilities for construction projects which are related to the building of new M.D.C. facilities, such as bridges and recreational facilities.

Over the past several decades, the M.D.C. has developed from a construction-oriented agency to a operations-oriented agency, as major construction projects such as the Quabbin Reservoir, Storrow Drive and the Esplanade were completed. To ensure that the M.D.C. can effectively maintain its operations and provide effective services to the citizenry, without being diverted or consumed by construction-related projects, it may well be appropriate to limit the M.D.C.'s role in the construction process to one of project policy and planning. In other words, the M.D.C. would still identify priority construction projects and would develop design specifications for these projects. It would leave to other state agencies with greater expertise and staff resources,

however, the responsibility for the actual construction of a project to the M.D.C.'s specifications. Thus, the M.D.C. would: have DCPO manage any building construction, such as a beach house; would have the Department of Public Works manage any construction related to bridges and roads; and, like the Division of Environmental Management, utilize outside contractors to manage construction projects related to parks and recreational facilities. Sufficient staff resources would be made available to these other agencies to enable them to fulfill their commitments to the M.D.C., including staff transfers from the M.D.C.

C. Creation of a separate Water/Sewer Authority

Serious consideration must be given as well to the establishment of a new Water/Sewer Authority, that would assume the construction and management responsibilities currently held by the M.D.C.'s Water and Sewer Divisions. A determination of whether this is necessary and appropriate requires more analysis and discussion over the course of the next several months.

IMPLEMENTATION OF THIS ACTION PLAN

We respectfully recommend that you adopt this action plan. We are prepared to implement it. We are prepared to develop a detailed work schedule within the next thirty days and provide you with quarterly reports on our progress.

Frank T. Keefe

James Hoyte

William Geary

B. J. Rudman